

REPORT ON EXAMINATION
OF THE
DELAWARE COMPENSATION RATING BUREAU, INC.
AS OF
DECEMBER 31, 2003

State of Delaware



Department of Insurance

Dover, Delaware



I, Matthew Denn, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT ON EXAMINATION, made as of December 31, 2003 of the

DELAWARE COMPENSATION RATING BUREAU, INC.

is a true and correct copy of the document filed with this Department.

ATTEST BY: *Kenneth L. Miller*

DATE: 10TH JUNE, 2005



In Witness Whereof, I HAVE HEREUNTO SET MY HAND AND AFFIXED THE OFFICIAL SEAL OF THIS DEPARTMENT AT THE CITY OF DOVER, THIS 10TH DAY OF JUNE, 2005.

Matthew Denn

Insurance Commissioner


Deputy Insurance Commissioner

REPORT ON EXAMINATION
OF THE
DELAWARE COMPENSATION RATING BUREAU, INC.
AS OF
December 31, 2003

The above captioned Report was completed by examiners of the Delaware Insurance Department.

Consideration has duly been given to the comments, conclusions, and recommendations of the examiners regarding the status of the Company as reflected in the Report.

This Report is hereby accepted, adopted, and filed as an official record of this Department.

A handwritten signature in black ink, appearing to read "Matthew Denn", is written over a horizontal line.

MATTHEW DENN
INSURANCE COMMISSIONER

DATED this 10TH day of JUNE, 2005.

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January 14, 2005

Honorable Mathew Denn
Insurance Commissioner
State of Delaware
Rodney Building
841 Silver Lake Building
Dover, Delaware, 19901

Dear Commissioner:

In compliance with instructions contained in Certificate of Authority No. 04.037, an examination has been made of the affairs, financial condition and management of the

DELAWARE COMPENSATION RATING BUREAU, INC.

hereinafter referred to as "The Bureau" or "DCRB", a domestic non-stock, non-profit corporation. The examination was conducted at the Bureau's main office, located in the Widener Building (One South Penn Square) at 1339 Chestnut Street, Philadelphia, Pennsylvania 19107.

The report of such examination is respectfully submitted herewith.

SCOPE OF EXAMINATION

The last examination was conducted as of December 31, 1997. This examination covers the period for January 1, 1998 through December 31, 2003. Transactions subsequent to the latter date were reviewed where deemed necessary.

The primary focus of this report is the determination of the accuracy of the Bureau's statistical data upon which premium rates for workers' compensation insurance in Delaware are based. The examination, therefore, consisted of a general review and test of the methods employed by the Bureau in compiling statistical data for submission to

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The State of Delaware as utilized for seeking rate adjustments for its members. The financial aspects of the Bureau's operations are secondary in importance since the Bureau's operations are funded by assessment upon its membership.

This report does not contain an analysis of relativity and credibility factors and other items of an actuarial nature.

The format of this report is designed to explain the procedures employed on the examination and any findings. If necessary, comments and recommendations have been made in those areas in need of correction or improvement. In such cases, these matters were thoroughly discussed with responsible officials during the course of the examination. Due to a lag in reporting (the carriers are not required to report data to the DCRB until 20 months after the policy effective date), a substantial amount of the data reviewed during this December 31, 2003 examination pertains to data as of December 31, 2002.

In addition to items hereinafter incorporated as part of the written report, the following were checked and made a part of the workpapers of this examination:

Corporate Insurance
Federal Form 990 Tax Returns

HISTORY

The DCRB is a domestic non-stock, non-profit corporation, operating as a rating bureau to propose classifications, underwriting rules, residual market premium rates, voluntary market loss costs and experience rating and merit rating plans under the Workmen's Compensation Act and the United States Longshoremen's and Harbor

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Worker's Compensation Act. The DCRB also serves as the Plan Administrator for Delaware Workers Compensation Insurance Plan.

The Delaware Compensation Rating and Inspection Bureau (as it was initially titled) was organized on December 31, 1987 pursuant to the provisions of "The Delaware Workmen's Compensation Law of 1987". Prior to December 31, 1987, the Bureau was a voluntary, non-profit, unincorporated association of insurance carriers. On that date, the Bureau filed a Certificate of Incorporation with the Secretary of State. The main reason for the incorporation was to establish a legal identity for the Bureau apart from its member carriers. In conjunction with the incorporation, the Bureau's constitution was replaced by By-Laws.

BY-LAWS

The By-Laws, as adopted on December 31, 1987, were amended twice during the examination period. The major provisions of the By-Laws (as amended as of January 29, 2003):

Purpose of Bureau

The purpose of the Bureau is to be organized for and to devote its assets to the following purposes:

- To qualify and operate as a domestic non-profit corporation under the Delaware General Corporation Law, as amended, or the corresponding provisions of any successor statutes thereto.
- To qualify and operate as an exempt organization under section 501 (c) (6) of the Internal Revenue Code of 1986 or the corresponding provisions of any successor statute thereto.

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- To qualify and operate as a licensed rating or advisory organization pursuant to all relevant Delaware Laws and any amendments or successor statutes thereto.
- To perform such activities incidental to the business of workers compensation insurance as the Governing Board may authorize as are required by, permitted by or not contrary to law.
- To do everything necessary or appropriate for the accomplishment of the purposes above

Membership

Any insurer authorized to write Workers' Compensation in Delaware shall be entitled to membership and to share equally in the benefits derived from the Bureau upon accepting the obligations of membership. Every member shall conform to the provisions of the By-Laws and to any rules or regulation made thereunder.

Each member shall pay a membership fee of \$250 upon becoming a member of the Bureau and a like amount on the first day of January of each succeeding year. NOTE: This was amended in the By-Laws effective in 2003. Previous membership dues were \$100 per annum.

Management

The Bureau is controlled by a Governing Board. The Governing Board shall have the general charge of management of the affairs of the Bureau, including the power to adopt and amend the General Rules, and shall be responsible for carrying out the purposes thereof. The governing Board shall consist of six (6) Bureau members and one (1) Employer Organization Representative. Not more than four (4) Bureau members of the Governing Board at any time shall be domestic company members; The Governing

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Board Members of each class shall be elected for a term of three (3) years and until their successor is elected and qualified.

Committees

The Governing Board shall have the sole power to create and appoint members to any Committee, and shall also have the exclusive power to create or approve Subcommittees. The Governing Board shall also determine the powers, duties, and numbers of members, and qualifications of members of such bodies. Any Committee may propose for Governing Board approval any Subcommittee to assist the assigning body in fulfilling its designated duties. At any given time, no more than one (1) member of the same Insurance Holding Company System shall be a member of the same Committee.

The following Committees were operational as of December 31, 2003:

Classification and Rating Committee

This committee is responsible for the review and evaluation of the efficiency and equity of the underwriting, classification and rating procedures, as well as the administration of these rules while functioning as a committee when hearing appeals of parties aggrieved by decisions of the Bureau staff. This committee also reviews the recommendations made by the Actuarial Committee relative to loss cost filings. The committee consists of six Bureau members and two Employer Organization Representatives.

Actuarial Committee

The committee is responsible for advising the Classification and Rating Committee on all matters relating to prospective loss cost filings pursuant to 19 Delaware Code 2602(j).

Nominating Committee

This committee, comprised of three Bureau members, shall propose a slate of candidates selected from the nominations made by all Bureau members for the vacancies on the Governing Board and all of its Committees.

Officers

On January 29, 2003, the following officers were elected by the Governing Board:

President	Timothy L. Wisecarver
Secretary & Treasurer	John E. Panczner
Vice President	Bruce E. Decker
Vice President	William J. Taggart

Minutes

The examination reviewed the minutes of all Board and Committee meetings held during the examination period (and subsequent thereto). In compliance with the prior examinations recommendation, all the minutes are approved at subsequent meetings.

SERVICE CONTRACTS

Effective January 1, 1982, the Pennsylvania Compensation Rating Bureau (PCRB) and the DCRB entered into a service contract whereby the PCRB furnishes the DCRB with such services that might be necessary and required by the DCRB in its day to day operations. In consideration for these services the DCRB shall pay the PCRB on the following basis:

- The entire yearly expense of the PCRB shall first be determined
- Then, the DCRB will assume such proportion of this amount as the net written combined coverage of employers' liability and workers' compensation premiums, written by members of the DCRB in the State of Delaware, bears to total employer's liability and

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workers' compensation premiums written in the State of Delaware and the State of Pennsylvania by the subscribers to the two (2) Bureaus, during the applicable year. The DCRB paid the PCRБ \$702,000 during 2003 for such services.

Expense reimbursements are made on a quarterly basis. Expense items incurred by the DCRB on its own behalf shall be borne directly by the DCRB and are not considered to be part of this service contract.

INCOME

In addition to interest on surplus cash, the DCRB reports five (5) sources of income. These sources are:

- 1) Each member shall pay a membership fee of \$250 upon becoming a member and a like amount on the January 1 of each succeeding year.
- 2) Each member shall pay to the DCRB, as and when demanded, the charges levied against it for special services rendered to it.
- 3) Services, such as printing services, etc., which may be rendered to persons or organizations not members of the DCRB, shall be subject to reasonable charges as determined by the Governing Board
- 4) The balance of the net expenses incurred by the Bureau (after deducting membership fees and all other income) shall be paid by members according to their respective proportion of the total net written Delaware Workers' Compensation Insurance Premiums, as defined by the Governing Board, for the calendar year during which the expenses have been incurred. The members pay these expenses through quarterly assessments.

- 5) The DCRB applies certain incentive programs to its members as a means of securing compliance with requirements for the timely and accurate reporting of data.

ACCOUNTS AND RECORDS

The financial affairs of the DCRB are subject to review by an outside CPA firm, Preston, Barrett LLP (Preston-Barrett). Preston-Barrett was the Company's external auditor for each year under review by this examination and was the DCRB's external auditor as of the prior examination date (December 31, 1997). Preston-Barrett's independent audit report was made part of the examination workpapers and certain knowledge from this report/workpapers was used where deemed appropriate.

In addition to the financial audit performed on the DCRB's operations, a separate review and report was issued by Preston-Barrett on the financial statements of the PCRb's Employee Retirement Plan. The DCRB does not have any of its own employees but reimburses the PCRb for a share of all costs including payroll and benefits (as discussed in the "Service Contracts" section of this report).

FINANCIAL STATEMENTS

The financial position of the DCRB and the results of its operations for the period under examination is presented in the following statements comparing the 1997 examination date to the 2003 examination date:

(Balance Sheet)

<u>ASSETS</u>	<u>2003</u>	<u>1997</u>	<u>Change</u>
Cash	\$307,247	\$26,166	\$281,081
Accounts Receivable	86,065	109,021	(22,956)
Due from PCRB	<u>2,366</u>	<u>57,390</u>	<u>(55,024)</u>
Total Assets	\$395,678	\$192,577	\$203,101
 <u>LIABILITIES</u>	 <u>2003</u>	 <u>1997</u>	 <u>Change</u>
Accounts Payable	\$ 48,400	\$ 2,746	\$ 45,654
Accrued Expenses	140	0	140
Assmnts. Due to members	347,138	188,306	158,832
Deferred revenue	<u>0</u>	<u>1,525</u>	<u>(1,525)</u>
Total Liabilities	\$395,678	\$192,577	\$203,101
 Total Net Assets	 <u>\$ -0-</u>	 <u>\$ -0-</u>	 <u>\$ -0-</u>
 Total Liabilities and Net Assets	 \$395,678	 \$192,577	 \$203,101

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(Statements of Revenues & Expenses)

<u>REVENUES</u>	<u>2003</u>	<u>1997</u>	<u>Change</u>
Paper Policy Fines	\$336,110	\$ 0	\$336,110
Assessments	226,048	395,694	(169,646)
Assessments- fines	52,995	32,510	20,485
Membership Fees	74,250	27,500	46,750
Printing and Microfiche	16,716	18,108	(1,392)
Interest	770	1,486	(716)
Special Services	0	2,985	(2,985)
Financial Data Incentive Fines	26,948	56,714	(29,766)
Other Income	<u>0</u>	<u>350</u>	<u>(350)</u>
Total Revenues	\$733,837	\$535,347	\$198,490
 <u>EXPENDITURES</u>	 <u>2003</u>	 <u>1997</u>	 <u>Change</u>
Legal	\$ 3,490	\$ 11,458	(\$ 7,968)
Rent	0	6,760	(6,760)
Travel	3,400	9,208	(5,808)
Other	634	805	(171)
Telephone	967	2,414	(1,447)
Group Insurance	3,402	299	3,103
Insurance	1,600	1,793	(193)
Consultant	3,750	0	3,750
Delaware Ins. Dept Audit	12,000	0	12,000
Delaware Insurance Plan Exp	<u>4,960</u>	<u>0</u>	<u>4,960</u>
Sub-Total	\$ 34,203	\$ 32,737	\$ 1,466
Allocation from PCRB	\$699,634	\$502,610	\$197,024
Total Expenditures	\$733,837	\$535,347	\$198,490

PLAN OF OPERATION

This examination focused on six (6) major functions of the DCRB's operations. In this Report, these were classified as follows: Inspections & Classifications, Unit Card Processing, Policy Review, Call System, Payroll Reviews and Insurance Department Filings. Each of these functions is briefly described below under the related caption.

Inspections and Classifications

The objective of the classification system is to group insureds into classifications so that the rate for each classification reflects the exposures common to that distinct business enterprise. Subject to certain exceptions, it is the business of the insured within Delaware that is classified, not the separate employments, occupations or operations within the business. In that regard, a series of business classification codes with descriptive work activities have been established by the Bureau. These class code assignments are continuously studied by the Bureau's staff and are periodically revised as deemed appropriate. When changes are needed, they are subsequently filed with and approved by the Delaware Insurance Commissioner.

The rates for the classifications are divided into two (2) types. Those classifications that have sufficient Delaware payroll are called "Reviewed" classifications. For those classifications that do not have enough experience to be "credible" in an actuarial sense, the DCRB uses other available data to establish rates. These classifications are referred to as "Non-Reviewed".

Since an insured's workers' compensation premium is usually determined by multiplying payroll times the rate for a particular classification, appeals and inquiries about correct classifications are frequent. The DCRB endeavors to resolve disputes through internal study and by performing field inspections. The inspectors visit the location of the risk to obtain information concerning the insured (though much of this is now done electronically). The primary objective of inspections is to establish through risk evaluation that insureds have been properly rated and classified.

The examination tested the inspection process through a random sample review of inspection reports. Inspection procedures appear to achieve the stated objectives. DCRB staff members are assigned to give final decision on all assigned classifications, based upon the inspection report. The DCRB performed the following number of recent inspections:

2003-	173
2002-	127
2001-	291
<u>2000-</u>	<u>70</u>

Total during examination period- 661

Unit Card Processing

Insurance companies (also referred to as “carriers”) are required to report premiums earned and losses incurred on all policies using a “Unit Report” form. Twenty months subsequent to the effective date of each policy, a first Unit Report is required to be submitted. This initial report shall contain policy premium data, including payroll exposure and manual rates by classification codes, premium experience modifications and premium discounts, if applicable. The report shall also indicate the carrier’s total amount of paid and outstanding losses for that policy broken down by claim number. Other loss information to be supplied includes: the date of the claim, the classification code, kind of injury and type of payment. The claim reserves and loss payments shall be as of eighteen months after the effective date of such policy.

Annually thereafter, additional Unit Reports are filed with the DCRB during the second through tenth years, if necessary, to reflect the updated status of outstanding claims only. Corrections to filed Unit Reports are to be made utilizing specially designed

forms. As a supplement to the Unit Report, individual case reports are required to be filed for the following:

- 1) All permanent total disability claims established on a life pension basis.
- 2) All death claims established on a life pension basis.
- 3) All other claims with an indemnity or medical value greater than \$100,000

To test the validity and integrity of the Unit Report Data, the examination selected a sample of 190 Unit Cards filed for policy year 2002 by the seven-(7) largest writers of workers compensation insurance in the State of Delaware. The insurance carriers were visited to verify that the carrier's premium and claim information (source documentation) matched the DCRB Unit Card Statistical Data Reports for the following information:

- Policy information; number, insured name, effective & expiration dates
- Classifications
- Manual rates agreed to Compensation Manual
- Payroll exposures traced to carrier's audited payroll
- Claim reserves and payments
- Date of Loss
- Injury Type

The prior examination Unit Card review noted that some of the carriers had difficulty in locating documentation in support of the data reported on the Unit Cards. As such, the prior examination made a recommendation regarding the retention of such information. The current examination noted none of the support data issues and considers that DCRB has complied with the prior recommendations.

No significant differences were noted between the information per the carrier's records and that reported in the DCRB data base. In addition, no material concerns were noted with regards to the timeliness of carrier filings.

Policy Review

An exact copy of every workers' compensation policy showing the State of Delaware on the information page is required to be filed with the DCRB within 30 days after the effective date of the policy. Similarly, an exact copy of all endorsements or agreements attached to the policy at its inception date or issued subsequent thereto must be filed with the DCRB within 30 days after the date of issue of said endorsement or agreement. The Bureau verifies that policies were issued on approved forms and are in compliance with its underwriting rules. Policy data, including rates, classification codes, and experience modification factors are checked for accuracy through a computer validation program.

Once a file has been established for an employer/insured, this file remains open indefinitely to track workers compensation coverage and experience. The DCRB will contact an insured if no renewal notification is received within 60 to 90 days of the lapse of the prior policy. The examination tested this control procedure concurrently with the visits to the carriers to check Unit Report data. Within the 190 sampled items (previously noted), the source documentation indicated several policies that were cancelled during the examination period. In every tested circumstance the Bureau's Unit Card data noted the cancellation (i.e. policy canceled, no premium or exposure information contained within Unit Card report). As such, the DCRB's data base contained adequate documentation in support of the existence or non-existence for current coverage.

In addition, the examination judgmentally selected nine (9) businesses who advertised in the Wilmington, Delaware telephone directory (via yellowpage.com). These businesses were traced to the Bureau's data base to determine if current insurance

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coverage was on file. The sample revealed that files were maintained for all applicable employers/insureds.

Call System

The DCRB collects detailed policy, statistical and aggregate financial information from each of its member carriers. This data is edited for validity, completeness and reasonableness, and then summarized. The summarized data is used to make filings and reports to the Delaware Insurance Department.

Annually, the DCRB requests its members to submit detailed premium and loss data. These requests for summary financial information are referred to as "Calls". In January 2003, the DCRB requested data as of December 31, 2002 to be received by various due dates. As of the prior examination date these calls were received manually, they were date stamped and then entered into the Company's system. During the current examination period the Company obtained a data system called the Financial Data Reporting Application (FDRA). All call submissions are now filed electronically. A response is expected from every member even if there is no workers compensation activity during the year in question.

The Calls are processed through a series of edits, which can now be run automatically in the FDRA by entering a given carrier's data file and clicking on "Run Edits". The data submitted is reviewed for completeness and accuracy and is reconciled to the Company's Annual Statement, Page 14 "Statutory Page", which is required to be filed along with the supporting information. A final review is made to determine that all schedules and supporting schedules agree and reconcile.

The DCRB will note any "Failed Edits" and submit them to the applicable company for explanation/correction. If the DCRB does not obtain an adequate explanation by the time a report is due to the Insurance Department, two (2) types of adjustments can be made. The carrier's statistics can be deleted from the summary (used in preparing the Insurance Department filing) or the DCRB could reclassify based upon prior periods or other presentations in the Call.

The examination reviewed the Call submissions for the seven selected carriers used to test the Unit Card Statistical Data. All underwent thorough reviews with various Edit failures. All seven (7) carriers submitted (or eventually submitted- many times there are multiple submissions and the DCRB uses the most recent or corrected submission with no edit failures) information that was acceptable at the time of the 2003 Insurance Department filing. NOTE: The examiners were able to run our own edit failure checks noting no edit failures for the final/corrected submissions for the seven (7) companies reviewed.

With regards to the Call Summary Data, the examiners reconciled the Call Summary Data to the Statutory Page 14 data for the seven (7) selected Companies without error.

In addition, various other reconciliations were performed utilizing the various Calls with no exceptions being noted.

NOTE: This examination is as of December 31, 2003; however, the Call data being reviewed is as of December 31, 2002 given that the Unit Card Data being reviewed is as of 2002. The reason for this (as previously noted) is that the carriers are not required to submit data to the DCRB until 20 months after the policy effective date. As

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such data applicable to policies issued on January 1, 2002 would not need to be submitted until August/September 2004.

Payroll Reviews

In an effort to ensure the accuracy of the Unit Reports and the data base, the Bureau adopted a Test Audit Program to verify carrier audit premium computations. The Test Audit Program was effective on April 3, 1984 and has the following five (5) purposes:

- 1) To monitor the accuracy and consistency of the Bureau's member carriers' premium audits
- 2) To assure that statistical data reported to the Bureau is consistent with business operations of the insured and complies with the provisions of the Manual of Rules, Classifications and Rates.
- 3) To serve as an educational resource for member carriers in matters related to the discipline of premium audit.
- 4) To establish quantitative standards of performance for auditing and reporting of data to the Bureau.
- 5) To maintain incentives for member carriers to meet or exceed established quantitative performance standards.

NOTE: Since the State of Delaware has insufficient data to support an independent Test Audit Program, Delaware risks were included in the selection and processing under the Pennsylvania Test Audit Program.

In a test audit, risks above certain dollar values are selected at random and the Bureau's audit team visits the risk's site. The audit team reviews the risk's payroll

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records, develops actual payroll and notes the corresponding audit premium debit or credit. The Bureau's results are compared to the carrier's audit. Material errors are brought to the carrier's attention. If the carrier overcharged the insured, the carrier is obligated to refund the excess. In the event that the Bureau's test audit developed additional premium, the carrier is advised that the additional premium may not be billed.

If the carrier's reportable differences expressed as a percentage of total tested audits completed is below 20 percent, the carrier has met the program standards. If the carrier's reportable difference percentage is greater than 20 percent, based upon having 25 or more test audits completed in any four consecutive calendar quarters, the carrier shall have exceeded the standards and will be subject to the payment of an incentive charge, which is determined on a graduated scale based on the extent of the percentage difference.

The examiners obtained a universe of payroll reviews performed by the DCRB from 2001-2004. The prior examination noted that the Bureau did not maintain documentation supporting all of its payroll tests until that time period has been subjected to a statutory examination. This recommendation pertained to the prior examinations finding that the DCRB did not have historical data prior to 1997. The prior examination noted that actual payroll test files prior to 1997 had been destroyed. The current examination has noted that the Company has maintained all requested documentation. As such, no recommendation will be carried to this Report on Examination.

From the universe noted above the examination selected a sample of Test Audits. Of the ten (10) items selected, it was noted that the documentation provided appears to be well maintained, is thorough and addresses the Test Audit Program procedures. All items

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selected contained a Delaware Risk and there was adequate documentation to support the DCRB's conclusions.

Insurance Department Filing

The examination obtained the DCRB's most recent filing with the Delaware Insurance Department, which was filed on August 31, 2004 and was proposed to be effective December 1, 2004. It is stated as Bureau Filing No. 0404, Workers Compensation Residual Market Rate and Voluntary Market Loss Cost Filing. The subsequently approved rates were released to the various carriers on October 18, 2004 in Bureau Circular No. 786.

The filing to the Delaware Insurance Department proposed revisions to: Delaware's Residual Market Plan of Workers Compensation Insurance; Loss Costs and related rating values for use in the voluntary workers compensation insurance market in Delaware and Amendments to selected manual rules in Delaware. The filing was made in compliance with provisions of H.B. 241, workers' compensation insurance legislation enacted in 1993 and was proposed to become effective on December 1, 2004. The examiners reviewed the 19 page filing noting the proposed premium structure for residual market rates with comparative values from the approved current rates (currently approved), along with the DCRB's detailed explanation of its factoring based on the various premium, payroll audit and loss cost testing performed by the DCRB (and subsequently tested by this examination, as discussed in previous sections of this Report).

Subsequently, the review of Bureau Circular No. 786, noted the following approved "overall average changes in rating values":

<u>Rating Value</u>	<u>Approved Overall Average Change</u>
Residual Market Rates- Collectible	+13.53%

Residual Market Rates- Manual	+13.28%
Voluntary Market Loss Costs- Collectible	+16.70%
Voluntary Market Loss Costs- Manual	+16.44%
Voluntary Market Loss Costs- Manual after Surcharge Offset	+13.91%

STATUS OF PRIOR EXAMINATION REPORT RECOMMENDATIONS

There were two (2) recommendations included in the prior Report on examination, which are stated as follows:

- 1) It is recommended that all minutes of meetings be approved by the Governing Board.
- 2) It is recommended that the Bureau instruct its members to maintain the supporting documentation in such a manner that it can easily be accessed for review in future examinations.

These recommendations were addressed previously in the appropriate sections of this report and it is noted that both of these recommendations have been complied with.

CURRENT EXAMINATION RECOMMENDATIONS

The current examination has made no recommendations.

CONCLUSION

As was stated in the Scope of Examination section of this Report, the primary focus of this examination was a determination of the accuracy of the Bureau's statistical data upon which premium rates for Workers' compensation Insurance in the State of Delaware are based. The examination found no exceptions in this area. The Bureau is properly performing the functions as provided by its By-Laws.

In addition to the undersigned, examination supervisor, James Blair, Jr., CFE, CPA, and Albert Piccoli, CFE, participated in the examination.

Respectfully submitted,



Gregg Bealuk, CFE
Examiner in Charge
Insurance Department
State of Delaware